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SUBJECT: NAZARETH AND THE POPE: A MODEL FOR ECONOMIC ENGAGEMENT OF THE ARAB SECTOR IN ISRAEL

**¶1. SUMMARY:** In preparation for the Pope's visit on May 14th, the municipality of Nazareth, in conjunction with the Government of Israel (GOI), undertook a massive construction and infrastructure renovation initiative with a budget of almost 25 million NIS (\$6 million USD). City officials want this event to spur economic development and tourism, which stagnated following the Second Intifada. They hope to cast Nazareth in a positive light, and prove to Israel and the world that the largest Arab municipality in the country is capable of being an economic partner and providing significant outcomes when given the budget and a chance. This successful project can be viewed as a model for the economic integration of the Arab sector in Israel. It could spur cooperation between the often mutually distrusting Arab municipalities and the GOI, and economic engagement with other minority communities as well. Advances in this area would also dovetail with the GOI's emphasis on the importance of economic development in the West Bank. END SUMMARY.

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"A Budget and a Chance"  
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**¶2.** On May 13th, Econoff met with Nazareth municipality officials, including Mayor Ramez Jaraysi, Deputy Mayor Ali Sallam, Administrative and Media Assistant to the Mayor Dr. Suhail Diab, City Spokesperson Rana Zaher, and local town-council leader Imad Salaimi, to discuss the economic and social impact of the Pope's impending visit to the largest Arab city in Israel. Municipality officials viewed the visit as an economic development tool and as an opportunity to cast a positive light on the city, which has not rebounded economically or politically from the Second Intifada. With a budget of almost 25 million NIS, 80% provided by the GOI and 20% by private sources, the preparations for the visit were massive, and completed within an extremely short time-frame of less than two months. There were over 23 different construction and infrastructure projects, including the construction of the Mount Precipice Amphitheater, site of the Papal mass, with a capacity of 40,000 --making it one of the largest amphitheaters in the country and region. Other work included numerous road construction, electricity, transportation infrastructure, and beautification projects. The entire massive undertaking was a joint effort amongst the GOI, the municipality of Nazareth, the Vatican, and various private corporations.

**¶3.** The Vatican decided less than two months ago that Nazareth would be the site of the Papal mass, and the city viewed the event as a great challenge. The GOI and other Israeli planners initially tried to persuade the Vatican to select Haifa as the Mass site, and told Nazareth officials after a preliminary visit that their city would be incapable of hosting such an event. Nazareth mounted a public relations campaign and showed in the words of Deputy Mayor Sallam, that all it needed was "a budget and a chance." Given the short timeframe, the municipality was unable to request bids for the overall contract and instead opted to sign a conditional contract with the Jewish National Fund. This contract stipulated that all subcontractors, architects,

engineers, and other hired workers be local Nazarenes, and resulted in the hiring of more than 300 local construction workers and 100 local engineers. Local architects also designed the large projects, including the amphitheater and podium. Although the municipality and the workers did not receive any of the GOI-budgeted money until more than a month and a half into the project, work continued at full speed. Sallam viewed this as an important sign of trust on the part of the workers -- trust of both the municipality (important because Arab municipalities are often viewed as corrupt by their citizens and GOI), and of the Government of Israel (notable because of the animosity between the Arab sector and GOI). As of May 13th, the municipality had received 16 million NIS, and Sallam himself expressed no doubt that after the visit, the remainder would be paid.

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"The Pope is Going Back to Rome, But This is Staying"  
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¶4. Nazareth officials expressed hope that the thousands of visitors (estimated to be over 100,000), along with national and international news media would portray a positive picture of a city that has felt "neglected" by the rest of Israel, in terms of budgeting and political relevance. The municipality believes that its success in this monumental undertaking would send a signal to the GOI, foreign investors, and tourists that Nazareth is capable of great things, if given the opportunity. Since the Second Intifada, foreign investors and tourists have shied away from the city. However, there have been several encouraging signs recently. Earlier this month, a large shopping mall with many national

TEL AVIV 00001082 002 OF 002

and international stores opened in Nazareth. This mall has not only brought commerce to the citizens of Nazareth, it has also led to an intermixing of the neighboring Jewish and Arab communities. Spokesperson Rana Zaher, said that the municipality viewed the intermingling of Jewish and Arab shoppers as a positive step toward integration of Nazareth into the surrounding Jewish population and into Israel as a whole.

¶5. Also, the city is developing an industrial park for new and returning companies (NOTE: many Nazareth-based companies relocated elsewhere, including the nearby Jewish town of Upper Nazareth, following the Second Intifada. END NOTE). Local town-council leader, Imad Salaimi, said that the Pope's visit has reinvigorated industry in Nazareth, and that many companies are using his visit as a time to launch new product lines, including a large bottling company that will be giving away 70,000 Nazareth-produced bottles of water during the visit. Nazareth officials hope that the Pope's visit will also lead to an increase in religious tourism. The city jointly initiated the construction of a 65-kilometer "Jesus trail," which begins in Nazareth and continues to the Sea of Galilee, and is meant to retrace the footsteps of Jesus. This trail, which was officially inaugurated on May 13th, will be open to hikers free of charge, and is expected to draw 5,000 visitors this year and 100,000 annually in the next decade to Nazareth and the region, according to its developers (who include a U.S. citizen). The city also plans to use the new amphitheater for concerts and theater performances in the future, to help recast Nazareth as a city of culture as well as religion, making it an entertainment hub for the region. To this end, the city will also be hosting the "Nazareth Spring Festival" from May 8-19, which will include local music, theater, dance, and art. The construction and infrastructure projects have also brought much-needed improvements to the city's infrastructure. As Ms. Zaher put it, "the Pope is going back to Rome, but all this is staying."

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"Pitfalls Persist"  
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¶6. Of course, the cooperation was not without its problems. Just two weeks ago, Dudi Cohen, the Commissioner and Inspector General of the Israel National Police, ordered the event planners to reduce the number of slated attendees from 45,000 to 20,000 because of safety and security concerns, telling municipality officials that Nazareth would not be able to complete the necessary adjustments to the amphitheater. Even though these concerns were overcome, Nazareth officials said that they were still being told by GOI officials up to one week prior to the Papal visit that it would have been better if the event had been hosted in Haifa.

Three days before the event, city officials were again told that they would need to make improvements such as reinforcing the entire amphitheater with concrete, or significantly reduce the number of attendees. In the end, however, according to Nazareth officials, GOI officials told the Nazareth municipality that its efforts were commendable and could not have been completed as successfully even by the GOI itself.

¶7. COMMENT: The massive scale of the preparations for the Pope's visit, and the cooperation between the largest Arab municipality in Israel, the government, the Vatican, and private corporations can be viewed as a model for further economic integration and development of the minority sector in Israel. Despite the pitfalls and problems, the cooperation on this massive project is an encouraging sign for future economic cooperation between the various sectors in Israeli society.

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